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IMPACT OF DEVALUATION ON BRITISH AGRICULTURE

TURKEY'S TEXTILE OUTPUT AND ITS COTTON EXPORTS

SOME PROBLEMS OF FRONTIER SETTLEMENT IN BRAZIL

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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The owner of this Welsh farm, like other farmers in the British Isles, awaits the effects of devaluation on Britain's production and imports of agricultural commodities. (See story beginning opposite.) Photo, the Farmer and Stockbreeder, London.

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Britain's devaluation had the general aim of narrowing its balance of payments gap by raising import prices and lowering export prices. The article below discusses some broad implications for Britain's farmers and trading partners.

The Impact of Devaluation on British Farm Trade and Policy

When the United Kingdom—which raises only about half the food and other farm products it needs and is the world's top importer of these items—devalued the pound on November 18,[1] its action was echoed by devaluation in a number of countries that are important suppliers to the U.K. farm market. This has somewhat eased the impact on British import prices. Nonetheless, there is due to be a considerable overall rise; and this rise provides a compelling reason for the British to try to expand their output of certain agricultural products they have been buying in large quantities from overseas suppliers.

About a third of Britain's agricultural imports in 1966—or $2 billion (£717 million) c.i.f., out of $6 billion (£2.1 billion)—came from countries that have now followed Britain's example in devaluing. Products most important in this trade were food, feed, and livestock, of which the devaluing countries supplied more than 40 percent of Britain's imports; beverages (nearly 40 percent); and wool (nearly 27 percent).

Among the principal sources of British farm imports, Spain, Israel, Ireland, and Cyprus paralleled Britain in extent of devaluation, with 14.3 percent; New Zealand and Ceylon devalued more steeply, with 19.5 and 20 percent; and Denmark, less steeply, with 7.9 percent.

If the world price for a given commodity remains unchanged after devaluation, the price to the British importer automatically goes up by the full amount of the devaluation. It may or may not go up by that amount to the British consumer, depending upon whether the margin between wholesale and retail levels remains the same. In addition, a supplier of a commodity with a fairly stable world market price may partly or entirely offset the effects of devaluation by imposing an export tax on that commodity, thus maintaining the old price. India imposed such a tax on tea after it devalued in 1966. Where the United Kingdom is the major importer of a given commodity, particularly from one country, its bargaining power may be sufficient to keep the price of British imports from rising by the full amount of the devaluation.

It will take time before more precise conclusions can be drawn as to the effect of the devaluation on British prices; but for some major farm commodities, general developments can already be foreseen.

Effect of devaluation on livestock and meat prices

• **Live animals.** Virtually the only country from which Britain imports live animals for slaughter is the Irish Republic. These imports were worth over $133 million c.i.f. in 1966. A considerable proportion of the United Kingdom's own beef production comes from these animals, and devaluation should not increase import costs. It must be noted, however, that the parallel devaluation by the Irish Republic will increase the attractiveness of Irish store and slaughter cattle to Western Europe and of Irish beef to the United States.

• **Meat.** Of total U.K. meat imports in 1966—$1,048 million—nearly a third came from sources that have devalued, principally New Zealand and the Irish Republic. The impact of devaluation will be most severe upon beef prices, as is shown by the following figures on 1966 imports from major suppliers (in millions of dollars, c.i.f.):

Argentina	77.0
Australia	60.8
Uruguay	6.7
Total nondevalued	144.5
New Zealand	16.0
Irish Republic	30.2
Total devalued	46.2

An additional complicating factor for beef is the current epidemic of foot-and-mouth disease. The immediate result of devaluation combined with the ban on imports from South American countries has been a price rise, since the only major supplying country still able to send beef to the United Kingdom—other than the Irish Republic—is Australia.

For mutton and lamb, the situation is different. New Zealand and the Irish Republic supply 92 percent of the United Kingdom's imports—$163.2 million and $8.4 million in 1966, respectively, out of a $188.7-million total. There should not be a price rise provided that foot-and-mouth disease does not cause a shortage of U.K.-produced lamb.

For pork products, too, there should not be much impact on prices. The United Kingdom is already self-sufficient in pork, and some expansion in bacon self-sufficiency is possible provided food-and-mouth disease is contained. Fortunately for the United Kingdom, its principal bacon suppliers are Denmark and the Irish Republic.

Poultry meat prices should not be greatly affected, for here too the United Kingdom is practically self-sufficient. Consumption is likely to increase as a result of higher beef prices; and availability of poultry, lamb, mutton, and pork could prevent beef prices from increasing by the full amount of devaluation. Prices for poultry and the other meats, however, could be pushed up by higher prices for corn, sorghums, and protein feeds.

Implications for dairy, grains, fruits and vegetables

• **Dairy products.** There should not be much increase in the price of butter. Of total imports in 1966—$387.5

[1] See *Foreign Agriculture*, Dec. 4, 1967, p. 9. All conversions to dollars in the present article are made at the old rate of exchange—£1=US$2.80—rather than at the new exchange rate of $2.40.

million, c.i.f.—three sources that have devalued were the main suppliers, with $257 million. New Zealand was the source for $135.8 million, Denmark for $100.5 million, and the Irish Republic for $20.7 million. Western Europe has a surplus of butter fat, and exports of this product from there and from Eastern Europe are sold on a subsidized basis.

For cheese, the U.K. market divides itself in two. The inexpensive general market is dominated by domestic production and by imports from New Zealand, and devaluation ought not to cause any important price increase. On the other hand, the many miscellaneous types of fancy cheese imported from Europe—principally the Netherlands, France, and Italy—will inevitably go up in price.

• **Grains.** No significant supplier of wheat to the United Kingdom has devalued its currency. A price increase by the full amount of the devaluation seems likely for hard milling wheat, though other wheats should not rise much in price. Owing at least in part to the ample world supply of hard wheats, wheat prices have recently begun to ease somewhat after an an initial rise. For feed wheat, there are prospects for increased domestic production.

No major supplier of feedgrains has devalued, but the level of British supplies in 1967-68 is plentiful and prices so far this season have been low, hovering just above the minimum U.K. import floor price prior to devaluation. Furthermore, there is scope for some substitution of homegrown wheat and barley for imported grain and sorghums.

• **Fresh fruits and vegetables.** The impact on fresh fruit will be mixed. No major suppliers of deciduous fruits have devalued, and prices are already high in Britain because of the poor domestic crops this year. They will probably rise still further, but because this will have a depressing effect upon demand, it is possible that this year's increased apple and pear quotas will not be fully taken up.

For citrus, the impact of devaluation will be less than for deciduous fruits. Spain, Israel, and Cyprus—major orange suppliers—have devalued. This smaller impact will also be seasonal, with a probable increase in prices through the period of the year when South Africa—which did not devalue—dominates the market. In 1966, the principal orange suppliers shared the British market as follows (imports in million dollars, c.i.f.):

Cyprus	2.2
Spain	28.0
Israel	21.6
South Africa	17.1
Others	10.1
Total	79.0

The major suppliers of grapefruit are Israel, Cyprus, and South Africa. Therefore, the situation is similar to that for oranges. Lemons will be more expensive for Britains because of higher import costs for Italian and U.S. fruit.

The impact on fresh vegetables will also be mixed. Spain and the Canary Isles are the most important suppliers of spring vegetables and early potatoes, and prices should not go up for these items. Many other vegetables, however, such as Dutch winter salads and U.S. carrots, celery, and onions, will be more expensive.

Sugar, beverages, and fats and oils

Commonwealth Sugar Agreement countries in 1966 supplied $252 million worth of the United Kingdom's total imports of raw sugar—$268.8 million. Devaluation will have little impact on Commonwealth sugar, for the agreed price—already set for 1968—is well above the world price. The import price of sugar bought on the world market will go up, but the effect on the United Kingdom is likely to be marginal.

The price of **coffee** will go up by the full amount of devaluation unless world supply and price conditions are such that world prices decrease. **Cocoa** prices also will go up, since no major supplier has devalued. But for **tea**, any price rise caused by devaluation should be moderated by the fact that Ceylon provides about one-third of the U.K. import total.

The United States is the most important supplier of **lard** to the United Kingdom. Other important suppliers include Belgium, Luxembourg, Poland, Romania, Denmark, and the Netherlands. These countries gained a substantial foothold in the U.K. market in 1965 and 1966, when U.S. lard was in short supply. Owing to larger supplies and competitive prices, the United States is now regaining some of the 1965 and 1966 losses. In addition, the EEC is subsidizing lard exports, in an effort to hold its share of the U.K. market. Therefore, any rise in lard prices will be minimal. The impact of devaluation will probably not change direct domestic consumption. However, a slight decrease in the utilization of lard in margarine and combined cooking fats could result if prices of other fats and oils become more competitive. Fish oils, for example, are at present cheap and plentiful, and Denmark is a main supplier.

No major supplier of **oilseeds and oil fats** has devalued; import prices are therefore likely to go up. And, since the only major supplier of **animal oils** that has devalued is New Zealand, some upward price movement of these is possible.

With no important supplier of **oilcake and meal** devaluing, the farmers' feed bills are due to rise.

Wool, cotton, tobacco, hides

About a third of the United Kingdom's **wool** imports come from countries that have devalued. Imports in 1966 totaled $308 million; New Zealand supplied $82.6 million and the Irish Republic $6.7 million. With imports from other suppliers totaling $218.7 million, some price rises are inevitable, especially for the merino types from Australia and South Africa. Some expansion is possible in U.K. production, however, provided foot-and-mouth is contained.

No **cotton**-supplying country has devalued, which means that cotton prices will probably rise the full amount and the competitive position of synthetics will be strengthened. The only ray of hope for the U.K. cotton industry is that prices of imported finished cotton textiles could also go up, although it is possible that exporting countries might be willing to drop their prices in order to maintain their share of U.K. cotton textile import quotas.

The import costs of **tobacco** are expected to go up by the full amount. With settlement of the Rhodesian question unlikely in the near future, the United Kingdom must continue to rely on the United States, Canada, and India for most of its imports of raw tobacco.

The major share of Britain's **hides and skins** imports comes from countries that have not devalued. There will probably be some price increase, particularly if foot-and-

UNITED KINGDOM'S AGRICULTURAL IMPORTS IN 1966 FROM OTHER DEVALUING COUNTRIES AND FROM REST OF WORLD

Item	Imports from—					
	Nations also devaluing		Other nations		Total imports	
	In pounds sterling [1]	In dollar equivalent	In pounds sterling [1]	In dollar equivalent	In pounds sterling [1]	In dollar equivalent
	Million	*Million*	*Million*	*Million*	*Million*	*Million*
Food, feed, livestock	637	1,783.6	939	2,629.2	1,576	4,412.8
Wool	33	92.4	91	254.8	124	347.2
Beverages	21	58.8	33	92.4	54	151.2
Hides and skins	9	25.2	58	162.4	67	187.6
Animal oils and fats [2]	5	14.0	13	36.4	18	50.4
Tobacco	2	5.6	82	229.6	84	235.2
Oilseeds	1	2.8	44	123.2	45	126.0
Vegetable oils and fats [2]	1	2.8	38	106.4	39	109.2
Cotton	—	—	54	151.2	54	151.2
Other	8	22.4	47	131.6	55	154.0
Total	717	2,007.6	1,399	3,917.2	2,116	5,924.8

[1] C.i.f., at predevaluation rate: 1 = U.S.$2.80. [2] Butter, margarine, lard, and shortenings are included in the food category.

mouth reduces U.K. production. Price increases will certainly be more severe for cattle and calf skins than for sheep and pig skins, which are largely supplied by the United Kingdom's own farmers, New Zealand, and Denmark.

Possible impact on policy for wheat

Britain's scope for increasing its agricultural self-sufficiency is limited by its climate and land area. Obviously, it cannot grow corn, sorghums, cotton, tobacco, tropical oilseeds, citrus, or tropical fruits. There are possibilities, however, for higher production of some grains and of livestock products.

The government policies which help determine levels of agricultural production, farm prices, and farm income are arrived at early each year in the Annual Review and Determination of Guarantees. The 1968 Annual Review is now expected to contain several strong incentives for increasing British farm output. The Minister of Agriculture has already stated that encouragement is to be given to the growing of more wheat in the United Kingdom. This extra wheat, however, will largely be used as a feed, since the United Kingdom cannot grow wheat of a milling quality comparable to that of North American hard wheat. The extra wheat will, the British hope, contribute toward import savings on corn and sorghums. The United Kingdom is already self-sufficient in barley and in 1966-67 exported over a million tons. The Minister is not anxious at present to stimulate barley production further; he has already stated that some readjustment will take place in the United Kingdom's grain program in favor of wheat and against barley.

Livestock policy too may change

Extra encouragement is also expected for livestock producers. In any case, as part of the National Plan for Agriculture, the government intends to increase self-sufficiency in beef, which is already around 75 percent. Another—and, for the time being, more pressing—problem in the livestock and meat sector is the current outbreak of foot-and-mouth disease that has led the British Government to ban imports of fresh meats from South American sources. Therefore, the incentive for import savings as far as Argentine beef is concerned is doubly reinforced. Extra inducement to expansion of cattle production in the United Kingdom will also be necessary if Britain is to make good the losses caused by slaughterings to combat the disease. The Minister has promised a speedy announcement on measures to be taken to make full and efficient use of calf resources, which will be needed both for more beef and for herd replacement.

Pig producers too should receive better terms in the 1968 Annual Review. The United Kingdom at present is slowly climbing on the upgrade of its pig cycle, with the rate of increase in pig numbers turning out to be much slower than the Ministry of Agriculture had hoped when it gave pig producers an increased price in the 1967 Annual Review.

There will probably also be some increase in guaranteed prices for fat sheep and lambs and wool, to make up for losses caused by foot-and-mouth. An additional reason for increasing U.K. pork and lamb production is to raise total domestic supplies of these meats to a level high enough to compensate for the shortage of domestically produced beef and to minimize the need to buy them from foreign suppliers.

Rising farm costs a problem

The need to achieve import savings in agricultural products is not the only reason farmers will expect a generous 1968 Review. It has been estimated in the press and in Parliament that farm costs could go up by £20-£50 million ($48-$120 million) because devaluation will increase prices for fat sheep and lambs and wool to make up for and fertilizers. Farmers will expect and probably get enough extra money from this year's Review to compensate them for these higher costs.

In bringing about an increase in U.K. agricultural production, however, the British Government faces several problems. The main one could be reluctance of the Treasury to make available any extra funds for farmers at a time when general government policy is to restrict public spending. Another is the short time available to the government for making a speedy enough decision on what it intends to do for and about agriculture. It is already too late to influence autumn plantings. But the Minister of Agriculture has promised in the House of Commons to do all he can to complete the Annual Review as speedily as possible and to announce its results earlier than usual. The third major problem is the foot-and-mouth situation.

—Based on reports from the office of the U.S. Agricultural Attaché, London.

Turkey's Textile Production May Cut Its Cotton Exports

By MUSTAFA BASER
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Office of the U.S. Agricultural Attaché
Ankara

Modern textile manufacturing in Turkey is a far cry from the household occupation that started in Anatolian villages during the 11th century. Today, it is one of the country's major industries, representing a capital investment of around $137 million and employing some 84,000 persons.

The dominant fiber used in Turkish textile manufacturing is cotton—one of Turkey's principal crops and its leading export.

Turkish planners foresee domestic demand for cotton textiles doubling over the next 15 years and textile exports rising fivefold. By implication, these projections mean that raw cotton exports could be cut at least 25 percent in the same period, assuming that output of raw cotton continues to increase about 10 percent a year. This would reverse the present trend in raw cotton exports, which in the past 10 years have grown from around 200,000 bales to over 1 million bales.

Postwar production spurt

The present status of the textile industry in Turkey is largely a post-World War II development. Because no textiles could be imported during the war, domestic mills were pressed to increase production. This pressure plus later import controls prompted an exceedingly rapid growth in mill capacity that still continues.

Other highlights of the development of the Turkish textile industry are:

- Textile manufacture, still no more than a cottage industry by the 18th century, faded from the economic picture by the end of that century. Both wars and the development of a large-scale European textile industry were responsible.
- In the 19th century, several textile mills were built by the government and by foreign investors. But competition from imported textiles was so great that eventually most of these plants went out of business.
- Early in the 20th century the government acted to revive the industry; it controlled imports and adopted measures to encourage local production. However, domestic production eventually dropped to 20.6 percent of the cotton yarn and 9.5 percent of cotton cloth requirements.

By 1923 only eight cotton spinning plants survived, five of them owned by foreign interests. Capacity was 68,000 active spindles and 760 looms.

- In the 1923-39 period, the government—in addition to taking various measures to protect local industry—built six mills. This was the beginning of "Sumerbank," the government-owned sector of the textile industry.
- After 1950, private manufacturers increased their activities, taking advantage of favorable economic conditions and the country's growing cotton production; they built new plants and enlarged and modernized old ones.

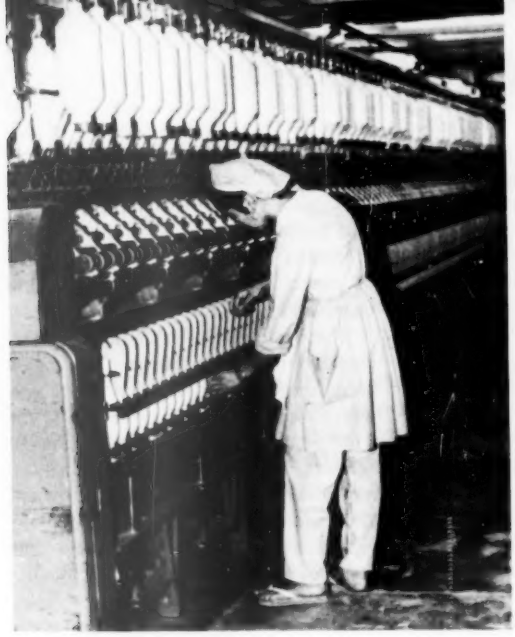
The government also enlarged and updated old mills and built three new ones. By 1959, Turkey had become self-sufficient in cotton yarn and textiles.

From 1949 to 1965, spindles increased from 266,528 to 965,644 and looms from 5,519 to 19,858. Of the 699,116 additional spindles acquired during this period, 497,450 were in privately-owned mills, 111,602 were in government-owned mills, and 90,064 were in five private-public mills supervised by Sumerbank.

In the later part of this period some mills also grew in size. In the late 1950's there were two mills that had a spindle capacity greater than 30,000, both government owned. By 1965, seven of the 79 spinning mills had over 30,000 spindles; four of these were privately owned.

In 1965 total cotton yarn production capacity topped 275.0 million pounds per year. Cotton cloth production capacity reached 617 million square yards. About 15,000 hand

Left, cotton field in one of Turkey's main production areas—the Aegean—where 90 percent of the cotton crop is grown under irrigation. At right, workers for a sales cooperative unload cotton for export at the port of Izmir.



Left, some of the modern equipment in one of Turkey's largest privately owned textile mills. Above, women inspect unbleached cotton muslin at a plant in Istanbul.

looms scattered throughout the country increased weaving capacity to about 690 million square yards.

Textiles produced in four areas

Textile mills are located in the Istanbul, Aegean, Cukurova, and central-eastern Anatolia areas. The size and scope of mill operations in each area are shown in the table below.

Cukurova—the main cotton-producing area—is also the main textile production area. Most of the mills here are privately owned. Private investment also dominates in the Istanbul area. Mills are most numerous there, but many are small.

In the Aegean area—second most important for cotton production—the textile industry developed rapidly after 1953. The public sector dominates there. (However, most of the mills built by the government are located in central eastern Anatolia.) There are very few privately owned mills in this area because of supply and marketing problems.

From 1949 to 1959, cotton's share of the raw materials used by textile mills rose from less than 70 percent to about 80 percent. Cotton's share has dropped since 1959, however, to about 76 percent—as a result of the increased use of imported rayon and other synthetic fibers. Wool's share has dropped from about 30 percent in 1949 to about 15 percent.

After Turkey became self-sufficient in cotton yarn and textiles, domestic consumption of both increased gradually. Cotton yarn consumption rose from 198 million pounds in 1959 to 221 million pounds in 1965. Cotton cloth consumption rose from 448.4 million square yards to 489 million square yards in the same period.

Per capita consumption of cotton cloth also increased gradually. By 1966 it was slightly less than 24 square yards per year. Turkish planners see this rising to about 32 square yards by 1982.

FIBER CONSUMPTION OF TURKISH TEXTILE MILLS

Fiber	1960	1962	1964
	Mil. lbs.	*Mil. lbs.*	*Mil. lbs.*
Cotton	238.3	238.5	252.4
Wool	57.1	60.0	49.8
Rayon	4.6	15.7	18.8
Other manmade fibers	2.0	5.5	9.5
Total	302.0	319.7	330.5

Trade in yarn and cloth

Imports of all but a few types of cotton yarn and textiles have declined considerably since 1954. From 1953 to 1957, yarn imports dropped from 4.7 million pounds to 267,000 pounds; cotton cloth imports dropped from 114.0 million square yards to 6.8 million square yards. Since 1957, yarn and textile imports have continued to be very limited.

Turkey has exported small amounts of cotton yarn and textiles since 1958. The level of exports is still not significant, however, although the government has tried to encourage exports through tax rebates. The main reason exports have remained small is that prices are not competitive. Although labor is cheap, the technical efficiency of much of the textile equipment is relatively low. Also, the country's textile mills run below their optimal production capacity.

Presently the outlook for exports of cotton textiles is more promising because measures are being taken to improve quality and decrease costs. Also the Turkish Board of Ministers has authorized Sumerbank to arrange exports of cotton textiles from both public and private mills to free dollar areas.

TURKISH COTTON TEXTILE MILL OPERATIONS BY REGION, 1965

Region	Spinning		Weaving		Dying, finishing		Printing	
	No. of mills	*Percent of prod.*	*No. of mills*	*Percent of prod.*	*No. of mills*	*Percent of prod.*	*No. of mills*	*Percent of prod.*
Istanbul	29	25	58	27	29	21	4	26
Aegean	19	27	13	26	10	31	5	35
Cukurova	19	33	21	28	7	29	3	33
Central-eastern Anatolia	12	15	8	19	6	19	1	6
Total	79	100	100	100	52	100	13	100

India To More Than Double U.S. Cotton Imports in 1967-68

Rural Indians will have more rupees to spend this year than in the past—the result of a good agricultural year and higher farm prices—and cotton textiles are among the items expected to feel a boost in sales. More textiles mean increased usage of raw cotton, and in 1967-68 a 335,000-bale (480 lb. net) increase in purchases from the United States.

Higher imports from all sources are anticipated this year even though India expects to harvest a good cotton crop of its own. After two relatively bad seasons, it appears that India will have a bumper cotton crop in 1967-68. Continued favorable weather could mean a commercial crop approaching 5.3 million bales, compared to 4.6 million in 1966-67.

Nonetheless, a big jump in commercial consumption—5.5 million bales this season, compared to 5.0 million in 1966-67—will push imports up to around 850,000 bales from 655,000 in 1966-67. The United States is expected to supply 595,000 of this—570,000 Upland short and long staple and 25,000 American extra-long staple—compared to 260,000 in 1966-67. Indian cotton exports (mostly Bengal Desi short staple) are unlikely to exceed the 210,000 bales of 1966-67.

Because of the better crop this year and higher imports, India's carryover of cotton stocks next July will likely be much higher than the 2.1 million bales held after July 31, 1967.

The Indian Government radically changed its cotton policy this season abolishing a ceiling and floor price system, followed for almost 25 years, for a minimum support price system. In addition, regulations restricting cotton movement in India were ended, as encouraged by both mills and trade.

India's textile industry, which sells 90 percent of its product domestically, has slowed exports substantially since the devaluation of the rupee and elimination of export subsidies. Reinstitution of the subsidies appears certain for a number of cotton types to specific markets. The industry, meanwhile, is continuing its efforts to modernize and expand its facilities.

—Report by CARL CAMPBELL
National Cotton Council of America

Wheat Big Item in First-Quarter Barter

During the first quarter of fiscal 1968, $106.5 million of agricultural commodities were exported under the barter program, wheat by far the largest in value. In the same period, 52 barter contracts valued at $102.7 million were signed.

Exports of wheat under barter totalled 39.3 million bushels valued at $67.3 million, more than double the amount exported during the same period last year. The bulk of these barter exports went to Brazil (14.9 million bu.), India (6.0 million), Korea (5.4 million), and Peru (3.6 million). Of the remaining 9.4 million bushels, 4.9 million were exported to other Latin American countries.

Other agricultural commodities exported and their dollar value are tobacco ($26.3 million), corn ($3.9 million), cotton ($3.1 million), wheat flour ($2.8 million), soybean oil ($2.5 million), cottonseed oil ($570,000), and grain sorghums ($68,000).

In barter procurements to meet the overseas needs of other agencies, the proceeds of agricultural export sales are used instead of appropriated dollars which would otherwise be spent abroad by these agencies. The Commodity Credit Corporation receives reimbursement from the agencies for items procured under barter. This exchange system has been an important factor in reducing the movement of dollars outside the United States.

The following CCC-owned agricultural commodities are currently available for export under barter contracts: cotton (upland and extra-long staple), oats, and tobacco (under loan). In addition, private stocks of wheat, wheat flour, corn, grain sorghums, tobacco, cottonseed oil, and soybean oil are eligible for export under contracts for offshore procurements for U.S. Government agencies.

The list of eligible barter commodities is subject to change and a current list is included in each CCC Monthly Sales List. This publication may be obtained from the Procurement and Sales Division, Agricultural Stabilization and Conservation Service, USDA, Washington, D.C. 20250.

Prune Promotion in Britain

The 1966-67 American prune promotion in the United Kingdom—most intensive campaign conducted by the California Prune Advisory Board outside the United States—concentrated on newspaper ads, recipe handouts, and point-of-sale material.

Small ads were carried in the four national newspapers with daily circulation throughout Britain, and full-color recipe folders were produced and distributed to British housewives by key grocery stores. Grocers were also encouraged to use colorful display material in their stores.

Special advertising and public relations program aimed at the institutional field placed ads in three of the hotel and catering industry trade journals.

California prunes were also represented at many of the regional trade fairs and shows in the United Kingdom. At the Edinburgh fair more than 35,000 people sampled American prunes.

Canadian Cotton Wear

The Canadian Cotton Council has recently launched a winter campaign for cruisewear through the Canadian press and retail outlets. The Council handles promotion of cotton in textiles in Canada, a top market for U.S. cotton. Traditionally, the United States has supplied two-thirds and more of all the cotton used by the Canadian textile industry.

Fashion photo distributed by CCC

Frontier Development: The Brazilian Example

In Latin America, both opportunities and pitfalls await the agricultural settler, especially the immigrant on Brazil's frontier.

By SAMUEL O. RUFF
Foreign Regional Analysis Division
Economic Research Service

Latin America in general, and South America in particular, has long had large areas of undeveloped and underutilized lands potentially available for agricultural use. Because of the abundance of land and labor and the shortage of capital, most of the increased farm output in Latin America in recent years has resulted from expansion in areas under cultivation rather than from better yields.

Pressures are mounting in Latin America to increase agricultural production for both domestic use and export.

However, as lands farther from the centers of population and trade are settled, commercial agricultural development becomes increasingly expensive. Also, ill-advised and indiscriminate settlement has wasted or misused much land. Therefore, government participation in stimulating and improving agricultural settlement is increasing.

Both the problems of frontier settlement and the role of Latin American governments in relation to them are illustrated by conditions and events in Brazil.

Brazil as an example

Because of its vast frontier, Brazil perhaps offers the greatest opportunity for land settlement and development in South America. It has already attracted many immigrants and the attention of more potential immigrants. However, the prospective settler is too often uninformed about actual land conditions, improvement possibilities, farm produce prices and markets, and land title problems.

Successful frontier settlement is a workable method of expanding the Brazilian economy and is therefore being encouraged by Federal and State Brazilian agencies. The Federal agencies are attempting some control over development to make it more profitable for both the settler and the country's economy and to curtail abuses in land sales to immigrants—a subject on which the U.S. Senate has held hearings because U.S. citizens are involved.

Brazil has one of the world's lowest population densities. According to Brazil's 1960 farm census, agricultural land use of the 30 acres per capita was as follows: Land in farms, 9 acres; land in crops, 1 acre; and land in pasture, 5 acres. The average farm had 198 acres, of which only about 10 percent was cropland.

The principal geographic areas of Brazil are the humid forested Amazon basin of the North, the dry tropic uplands of the Northeast and East, and the subtropic and temperate mountains and plateaus of the Central-West and South. The Amazon basin is generally not well suited to continuous cultivation using present farming methods except in some scattered areas in the west and north. The coastal areas of the Northeast and East are relatively developed. The most promising frontier lands are in scattered areas of the western portion of the South and in large areas of the Central-West. In much of the interior, except the Amazon basin, rainfall ranges from 45 to 70 inches a year and occurs mostly in the spring and summer, or October through March. Though Brazil has large areas of arable soils for potential agricultural development, the bulk of untilled area is of low fertility.

Production and marketing

Traditional production practices generally prevail. The use of labor is intensive but that of machines and fertilizer is little developed. Chronic shortages and high prices of production requisites tend to discourage agricultural modernization. Marketing facilities are limited, particularly in frontier areas, and the necessary supporting institutions and infrastructure for modern marketing are lacking.

The bulk of farm output is used for domestic consumption, although exports are important for some commodities. For the country as a whole, available food supplies are generally adequate; demand increases are governed mostly by population and income gains. Lagging food consumption in the north and northeast results from low incomes.

Principal exports are tropical products, such as coffee, cocoa beans, and sugar. Efforts are made with various degrees of success to support the prices of many agricultural products at close to world market levels. But shortages of facilities and funds, as well as measures to keep consumer food prices at reasonable levels, often hinder farm price support operations. Also, demand and returns for products from the interior are lessened by shortages of transportation, the high cost of movement to heavily populated coastal areas and ports, the lack of storage facilities, and gluts and low prices at harvesttime.

Agriculture is usually more profitable and developed in coastal areas because of generally better ecological conditions, earlier settlement, and market proximity.

Settlement programs

A major problem in Brazil is whether the Government should emphasize increased output in the coastal areas or should encourage frontier development and land settlement. Currently, attention is being given to both, but the latter is gaining priority owing to the scarcity of capital for intensive development and population growth.

Programs of frontier development and land settlement have been initiated by Federal agencies, State agencies, private groups, and individuals. Land costs in such programs or efforts differ with the quality and location. Reportedly, at least 50 percent of the country's land area is in State or Federal holdings, and transfer costs for much of this land may be as little as $1 an acre. In contrast, private sales are often highly speculative with land costs approaching or even exceeding those in the United States for similar quality and location. Good land far from consumption centers and transportation facilities can be purchased for $25 an acre or less. Land at $1 to $2 an acre is usually of very low fertility and inaccessible.

The Brazilian Government passed an agrarian reform law in November 1964 and set up two agencies to carry out programs of land settlement and reform: Instituto Nacional do Desenvolvimento Agrário, or National Institute for Agrarian Development (INDA), and Instituto Brasileiro de Reforma Agrária, or National Institute for Agrarian Reform (IBRA). IBRA has responsibility for land settlement, titles, taxes, and the cadastral survey. The land settlement program is in an early stage and includes registration and title transfer facilities, land surveys, soil surveys, and an extensive questionnaire survey about property holdings carried out in 1966-67.

Also, a major effort by the Brazilian Government and AID selected 10 areas that show settlement promise—nine in Mato Grosso and Goias and one in Rondônia. A soil survey of the tentatively selected 50 million to 75 million acres will provide a soil map to guide land sales.

Land titles

The extreme difficulty of ownership registration is a hindrance to frontier development in Brazil. Acquiring clear title to land is difficult anywhere in Brazil, but it is most complicated in frontier areas. Under the agrarian reform law, which was passed in 1964, a purchaser's ownership of undeveloped land is provisional for 2 years. During those 2 years the purchaser must live on the land (and prevent other people from doing so) and make certain improvements to defend his title and retain control.

Under regulations issued in April 1967, two title registrations are required for all land sales and purchases—with IBRA and with the municipio, or county, government. The deed, or title, must be filed at the municipio. Registration with IBRA at the State capitol is the responsibility of the buyer or seller, even if it is a land settlement company. Such registration must be repeated each year with IBRA for the payment of taxes if the owner is to retain title to his land.

At the same time land registration with INDA was made mandatory for Brazilian companies selling rural property, directly or indirectly, in foreign countries. Registration is granted only for specified properties for which full details are supplied, including information on climate, water supply, improvement of the property, availability of communications and transport, existence of markets, squatters, and other matters. Proof of title and sales documents must be provided. Sales of unregistered property are illegal.

A foreign buyer must be sure that his purchase of land is registered with INDA. He should not rely upon the seller's assurance that it is registered.

Even after a foreign buyer has paid for a piece of land and has registered the title with INDA he is not the legal owner until he has completed the two steps previously explained. He or his lawyer must go to the municipio, or county, authorities to register the title, and he must register the land with IBRA for tax purposes. Trouble is predictable at the municipio because almost always other registrants make competing claims to the same piece of land. Conflicting claims must be settled in court—a lengthy and uncertain process.

Immigrant opportunities and dangers

The Brazilian Government welcomes as permanent residents immigrants who are sincerely interested in farming and have the fortitude, knowledge, and capital to contribute to the country's development. Accordingly, such immigrants have been granted duty-free entry privileges for personal and household effects, appliances, breeding animals, seeds and plants, instruments and tools, small items of farm machinery and a tractor, used vehicles, and certain industrial equipment. However, an important license for those items must be obtained from a Brazilian Consulate in the immigrant's country of origin. Since the price of most farm equipment in Brazil is double that in the United States or Europe, duty-free importation is a considerable advantage. However, the sale within 5 years of items brought in by settlers is prohibited without Government approval and payment of very high taxes.

Immigration problems of land selection, settlement, title registration, and establishing a profitable agricultural enterprise in a short period of time are apparent. Other less obvious problems exist. Immigrants always face a major cultural adjustment. Business transactions are often complicated by transportation and communication problems as well as by the multiplicity of Brazilian laws, regulations, and offices concerned with commercial life. The almost complete lack of market and related information, especially in frontier areas, often makes it impossible to plan on the cost of necessary materials and improvements or the price of farm products.

Brazilian officials are becoming increasingly concerned about land purchases by foreign nationals and immigrants —particularly by U.S. immigrants who are the major buyers. At present both the Federal and several State Governments are investigating speculation and misrepresentation in land sales to foreign nationals. There is growing public concern about large-volume sales to immigrants.

The Subcommittee on Securities, U.S. Senate Committee on Banking and Currency held hearings on the proposed Interstate Land Sales Full Disclosure Act, S. 2672, on June 21-22 and August 18, 1966. As reported in the Congressional Record for those dates, witnesses said many buyers of Brazilian land have been greatly disappointed.

Additional information

Prospective purchasers of Brazilian land, especially immigrants, should always personally examine the land under consideration before making any commitments. An on-the-spot examination will often disclose many things that are, at best, only partially apparent otherwise. In addition, every effort should be made to study the conditions and circumstances that apply and to obtain all possible information.

Information on U.S. firms selling Brazilian land can usually be obtained from local better business bureaus, real estate associations, chambers of commerce, bankers, and other credit and business rating groups.

Information on immigration and items that can be imported duty free into Brazil may be obtained from Brazilian Consulates in the United States, the Brazilian Embassy in Washington, D.C., the U.S. Department of Commerce in Washington, D.C., or a Department of Commerce field office.

Information on land ownership, titles, and purchases may be obtained from INDA and the local municipio involved in Brazil. Correspondence to INDA may be addressed to Instituto Nacional do Desenvolvimento Agrário (INDA), Largo São Francisco de Paula 34, 7° andar, Rio de Janeiro, GB-ZC-21, Brazil.

Weekly Report on Rotterdam Grain Prices

During the period ending December 27, 1967, Canadian wheat offers in Rotterdam held firm, while U.S. spring declined 1 cent per bushel and Hard Winter was unchanged. Argentine wheat declined 5 cents from a week ago and 8 cents from 2 weeks ago. U.S. soft wheat prices declined 1 cent.

U.S. corn prices held firm while South African increased. Argentine plate was not offered for February.

Item	Week ending Dec. 27	Week ending Dec. 20	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.08	2.08	2.24
USSR 121	2.00	2.01	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.96	1.97	2.06
U.S. No. 2 Hard Winter, 12 percent	1.85	1.85	1.91
Argentine	1.84	1.89	1.91
U.S. No. 2 Soft Red Winter	1.76	1.77	1.92
Corn:			
U.S. No. 3 yellow corn	1.42	1.42	1.61
Argentine plate	(1)	1.82	1.84
South African white	1.49	1.47	(1)

1 Not quoted.

NOTE: All quotes are c.i.f. Rotterdam and for 30-to-60-day delivery.

Italian Table Olive Pack Up

The 1967 Italian table olive crop is estimated at 59,500 short tons, 27 percent above the 1966 crop of 46,800 tons. Much of the Italian table olive crop is consumed by families that do their own brining. The commercial brined olive pack is estimated at 13,200 tons, 12 percent above 1966. Table olive production was reported to be good in the Puglia region and Sicily, but below 1966 in Calabria.

ITALIAN OLIVE PRODUCTION

Season	Total table olives	Commercial brined olive pack
	1,000 short tons	*1,000 short tons*
1964-65	32.6	4.7
1965-66	62.4	8.8
1966-67	46.8	11.0
1967-68 preliminary	59.5	13.2

In recent years, Italy has been a net importer of table olives with Spain and Greece the main suppliers. Exports are negligible.

U.S. Cotton Exports Low

U.S. cotton exports during the first 4 months (August to November) of the 1967-68 season totaled 1,094,000 running bales, sharply lower than the 1,513,000 bales shipped in the same months a year earlier. Shipments to Europe were 160,000 bales below the same period last season, and those to Japan, about 150,000 bales lower.

Cotton exports in November amounted to 298,000 bales, compared with 275,000 in October and 518,000 in November 1966.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Average	Year beginning August 1		Aug.-Nov.	
	1960-64	1965	1966	1966	1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	2	1
Belgium-Luxembourg	121	43	52	27	13
Denmark	14	7	8	2	4
Finland	17	8	15	7	4
France	319	108	163	56	39
Germany, West	269	92	159	65	33
Italy	345	102	263	78	78
Netherlands	110	38	31	9	5
Norway	13	10	10	5	2
Poland & Danzig	125	42	78	51	26
Portugal	21	6	1	0	(1)
Spain	74	10	1	(1)	1
Sweden	81	59	71	27	27
Switzerland	74	35	79	27	23
United Kingdom	244	131	153	53	39
Yugoslavia	112	169	139	59	4
Other Europe	17	12	11	1	6
Total Europe	1,979	875	1,238	469	305
Australia	61	33	17	4	11
Bolivia	7	4	9	2	0
Canada	353	269	297	65	61
Chile	18	3	3	(1)	(1)
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	7	(1)
Ethiopia	9	20	9	2	4
Ghana	1	1	15	4	2
Hong Kong	148	94	183	65	70
India	314	63	289	23	94
Indonesia	40	(1)	161	78	0
Israel	15	5	2	1	1
Jamaica	4	5	5	2	(1)
Japan	1,192	705	1,293	423	267
Korea, Rep. of	261	301	372	105	141
Morocco	12	12	14	4	4
Pakistan	14	6	3	1	(1)
Philippines	123	93	134	51	27
South Africa	41	27	38	10	4
Taiwan	209	178	373	124	67
Thailand	34	55	70	28	25
Tunisia	2	13	15	6	6
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	(1)	0
Vietnam, South	46	73	66	30	1
Other countries	18	20	27	8	4
Total	4,924	2,942	4,669	1,513	1,094

1 Less than 500 bales.

U.K. Lard Imports 2 Percent Below 1966

Lard imports into the United Kingdom during January-October 1967 were 2 percent below those of a year earlier. The decline continues that shown for the first 9 months of this year.

The U.S. share of the U.K. lard market slipped slightly from 38 percent for January-September to 37 percent for January-October 1967. This share, however, was still up substantially from the 27 percent figure for 1966.

U.S. DEPARTMENT OF AGRICULTURE
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Belgium—the second largest supplier—followed with 24 percent of the U.K. market for the first 10 months of this year, down from 25 percent for the first 9 months. Countries capturing slightly larger shares of the market included the Netherlands, Denmark, and Romania.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN
JANUARY-OCTOBER

Country of origin	1966		1967	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	89,650	26.6	122,618	37.2
Belgium	84,370	25.1	78,960	24.0
Romania	30,678	9.1	35,527	10.8
Netherlands	18,541	5.5	22,190	6.7
Poland	34,645	10.3	21,577	6.6
Denmark	23,665	7.0	19,007	5.8
France	14,854	4.4	11,978	3.6
Germany, West	7,702	2.3	8,723	2.7
Bulgaria	4,018	1.2	3,730	1.1
Sweden	4,442	1.3	3,354	1.0
Switzerland	4,142	1.2	745	.2
Italy	16,650	5.0	703	.2
Others	3,525	1.0	456	.1
Total	336,882	100.0	329,568	100.0

Henry A. Lane & Co., Ltd.

Turkey's Tobacco Exports

Turkey's exports of unmanufactured tobacco in the 1966-67 marketing year (September-August) totaled 184.5 million pounds, compared with 197.3 million in 1965-66. This was a drop of 6.5 percent. The average export value, however, was 58 U.S. cents per pound, compared with 54 cents in the previous marketing year.

The decline in exports was mainly because of somewhat smaller shipments to the United States and a sharp reduction in purchases by West Germany. Total exports to European Common Market countries were 23.9 million pounds in 1966-67, compared with 34.8 million in 1965-66.

Exports to the Soviet Union and Soviet-oriented countries in East Europe totaled 24.6 million pound in 1966-67, compared with 21.2 million in 1965-66.

TURKEY'S TOBACCO EXPORTS [1]

Destination	September-August 1965-66	September-August 1966-67	Average export price 1966-67
	1,000 pounds	*1,000 pounds*	*U.S. cents per lb.*
Leaf tobacco:			
United States	113,894	109,468	61
Germany, West	23,759	14,024	65
Hungary	5,717	8,305	49
Japan	5,474	4,886	62
Poland	4,630	4,727	75
Czechoslovakia	4,425	4,240	68
Germany, East	4,365	4,122	70
Italy	2,350	3,471	67
Soviet Union	2,050	3,157	66
Belgium-Luxembourg	4,246	3,154	44
France	1,984	3,119	55
Switzerland	2,758	1,975	67
Austria	1,684	1,575	29
Netherlands	2,416	181	34
Others	6,711	7,100	—
Total leaf	186,463	173,504	61
Scrap	10,869	11,035	7
Grand total	197,332	184,539	58

[1] Includes scrap.

Ontario Flue-Cured Prices

Sales of flue-cured tobacco at the auctions in Ontario, Canada, through December 13, 1967, totaled 57 million pounds at an average price of 70.1 Canadian cents per pound. Last season, for a comparable sales period, the total was about 56 million pounds at 71.6 cents. The markets closed on December 20, and were to have reopened on January 3, 1968.